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April 14, 1999

**VIA HAND DELIVERY**

Mary L. Cottrell, Secretary  
Massachusetts Department of  
Telecommunications and Energy  
100 Cambridge Street, 12th Floor  
Boston, MA 02202

Re: D.T.E. 98-100: Investigation to Establish Methods and Procedures to Evaluate and Approve Energy Efficiency Programs

Dear Ms. Cottrell:

In accordance with the Department's January 8, 1999 Order of Notice, Fitchburg Gas and Electric Light Company ("FG&E") submits these comments on the energy efficiency issues raised in the above-referenced proceeding.

On April 14, 1999, some of the Interested Persons in this docket are expected to file Proposed Guidelines Regarding Cost Effectiveness, Monitoring and Evaluation Issues and Shareholder Incentives ("Proposed Guidelines"), and a Joint Motion for Approval of the Proposed Guidelines ("Joint Motion"). FG&E is not a signatory to the Joint Motion.

While FG&E does not oppose the Proposed Guidelines in general, FG&E takes issue with Section 10 concerning Shareholder Incentives because it does not address Lost Base Revenues ("LBR"). Section 10 of the Proposed Guidelines provides for recovery of Shareholder Incentives in certain circumstances and at certain levels, but explicitly does not address the appropriateness of, and the level of, any recovery of LBR.

The Department must allow the continued collection of LBR for all of the same reasons and on all of the same grounds as advanced in FG&E's testimony and briefs in Docket 98-48/49, Petition of Fitchburg Gas and Electric Light Company for Approval of Gas Low-Income Conservation/Education Program Proposal and Energy Efficiency Plan for Period 1998 -2003. LBR recovery is an integral component of the delivery of energy efficiency programs. Moreover, it is appropriate and necessary to compensate distribution companies for the loss of base revenues that result from successful implementation of Demand-Side Management programs, which a Shareholder Incentive is not, and has never been, designed to do. Therefore, the Department should not determine that a Shareholder Incentive, as structured in the Proposed Guidelines, be a substitute for LBR.

Please do not hesitate to contact me if you have any questions concerning these comments. Thank you for your attention to this matter.

Sincerely,

Susan L. Geiser

Attorney for Fitchburg Gas and

Electric Light Company

c: Quincy Vale, Esq. Hearing Officer

bc: Deborah A. Jarvis